

## Cipla acquires two US-based generic Cos for \$550 mn

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#### MERGERS & ACQUISITIONS

The deal is said to be an all cash transaction worth \$550 million.

The combined revenue from these transactions is over \$200 million for the year ended Dec 2014 and over \$225 million in LTM June 2015.

Located in New York (NY), InvaGen was established in 2003, and focuses on development, manufacturing, marketing and distributing of generics on a wide range of therapeutic areas including cardiovascular, anti-infective, CNS, anti-inflammatory, anti-diabetic and anti-depressants.

Through this acquisition, [Cipla](#) will also gain InvaGen's 3 manufacturing units located in Long Island, NY.

The units boast of production capacity of 12 billion tablets and capsules per year.

InvaGen currently employs 500 professionals.

Cipla's Mr Subhanu Saxena, MD & global CEO, said that the acquisitions are in line with the company's strategy to grow its share in the US pharmaceutical market.

In July 2015, Mumbai-based Lupin Pharma acquired eight-year-old US-based privately held Gavis Pharmaceuticals for \$880 million.

Lupin's CEO Ms Vinita Gupta voiced that the company was looking to expand and deepen its US presence.

InvaGen is the US arm of Hyderabad-based drug manufacturer Hetero Drugs. Camber Pharmaceuticals is also a US subsidiary firm of Hetero.

In an official statement, Hetero clarified that the current sale of InvaGen is the sale of strategic investment by the Hetero promoter group which has a different product portfolio than Hetero.

"InvaGen Pharmaceuticals is not linked directly to the flagship companies of the Hetero group, that is, Hetero Drugs or Hetero Labs," Hetero's spokesman said.

Hetero also commented that it will continue to strengthen its presence in US market by investing in US generics and specialty products through Camber Pharmaceuticals.

InvaGen is managed by executives of Indian origin, namely, Dr Sudhakar Vidiyala, the president & CEO, and Mr Madhava U Reddy, as the COO.

The acquisition of InvaGen also provides Cipla with about 40 approved ANDAs, 32 marketed products, and 30 pipeline products which are expected to be approved over the next 4 years, said Cipla in a media statement.

Cipla considers this acquisition to be the second landmark acquisition in its 80 years of existence.

The company will also have the advantage of gaining access to large wholesalers and retailers in the US.

InvaGen has filed 5 first-to-file products which represent a market size of approximately US \$8 billion in revenue by 2018.

The acquisition of Exelan Pharmaceuticals provides Cipla access to the government and institutional market in the US.

Exelan Pharmaceuticals is a four-year-old privately held, sales and marketing company, with a focus on generic pharmaceuticals for the government and institutional market.

Exelan started selling products in 2012, including those manufactured by Pfizer, AstraZeneca, Merck, UCB, Sanofi Aventis, Bristol Myers Squibb, Teva, and Novartis.

Barclays is acting as Cipla's financial advisor. Hughes Hubbard & Reed are acting as legal advisor.

Jefferies is acting as financial advisor to InvaGen, and Manatt, Phelps & Phillips are acting as legal advisor.

In August, Cipla lost on its bid worth \$1.3 billion for buying Kremers Urban Pharmaceuticals, the US unit of Belgian drugmaker UCB, which was later purchased by US-based generic manufacturer Lannett for \$1.23 billion.

A few days ago, Cipla also purchased skincare product marketing rights from India's Percos for Rs 90 crore.

In May, there were media reports stating that vaccine behemoth Serum might acquire Cipla.

In the last couple of years, Cipla has been actively engaged in tapping the world's emerging markets.

Earlier in September 2014, Cipla announced its plans to invest in Kenya, Czech and Slovakian markets.

It signed another agreement to buy 51 percent stake in a pharmaceuticals manufacturing and distribution business in Yemen.

It also acquired Sri Lankan drug distributor for \$14 million.

In 2014, it invested Rs 225 crore for erecting its manufacturing facility in Iran.

In 2013, Cipla acquired its distribution partner, Cipla Medpro South Africa, for \$512 million.